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- and -

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Counsel to the Debtors and Debtors  
in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

----- x  
In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
: Jointly Administered  
Debtors. : Obj. Deadline: January 29, 2010  
----- x at 5:00 p.m. (ET)

**NOTICE OF PROPOSED SETTLEMENT AND STIPULATION BY AND AMONG  
THE DEBTORS AND ONKYO USA CORPORATION RESOLVING THE  
DEBTORS' FOURTH OMNIBUS OBJECTION TO  
CLAIMS 128, 958, AND 2295**

PLEASE TAKE NOTICE that, on August 10, 2009, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Pursuant To 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval

(the "Settlement Procedures Order") (Docket No. 4401).<sup>1</sup> A copy of the Settlement Procedures Order (without exhibits) is annexed as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Settlement Procedures Order, the above-captioned debtors and debtors in possession (collectively, the "Debtors")<sup>2</sup> are authorized to negotiate and enter into stipulation and settlement agreements with third parties, subject to the procedures set forth in the Settlement Procedures Order and outlined herein.

PLEASE TAKE FURTHER NOTICE that, at this time, the Debtors have entered into a stipulation and settlement agreement (the "Agreement") with Onkyo USA Corporation, a copy of which is annexed as Exhibit 2.

#### **SUMMARY OF AGREEMENT TERMS<sup>3</sup>**

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (defined below) or the Solicitation Procedures Order.

<sup>2</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

<sup>3</sup> This section of the notice constitutes a summary of the material terms of the Agreement and is being provided for convenience only and should not be relied upon in any way. All parties are strongly encouraged to review the Agreement in its entirety. In the event there is a conflict between the notice and the Agreement, the Agreement shall control in all respects.

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(b) of the Settlement Procedures Order, the material terms of the Agreement are as follows:

- (i) The Agreement is between the Debtors and Onkyo USA Corporation (the "Claimant" and together with the Debtors, the "Parties" and each of which is a "Party"),
- (ii) Claimant filed the following proofs of claims (each a "Claim" and together, the "Claims"):

Claim Number	Claim Amount
128	\$4,905,048.57
958	\$6,627,475.57
2295	\$6,627,475.57

- (iii) The Debtors objected to certain of the Claims in the Debtors' Fourth Omnibus Objection to Certain Duplicate Claims on April 17, 2009 (Docket No. 3096) (the "Omnibus Objection"),
- (iv) Claimant filed a response to the Omnibus Objection on May 20, 2009 (Docket No. 3389) (the "Response") asking that instead of certain of the Claims being disallowed entirely for being duplicates, that each of the Claims be allowed in a reduced amount,
- (v) Therefore, pursuant to the Agreement, upon the occurrence of the Effective Date, the following Claims shall be deemed modified as follows: (the "Surviving Claims"):

Claim Number	Claim Amount
--------------	--------------

128	\$3,927,287.70 <sup>4</sup>
958	\$977,716.50 <sup>5</sup>
2295	\$1,722,471.37 <sup>6</sup>

- (vi) Upon the occurrence of the Effective Date, the Response shall be deemed withdrawn.
- (vii) Upon the occurrence of the Effective Date, the Omnibus Objection to the Claims shall be deemed resolved.

**TIME AND PLACE FOR FILING OBJECTIONS TO THE PROPOSED AGREEMENT OR REQUESTING ADDITIONAL INFORMATION OR TIME TO CONSIDER THE AGREEMENT**

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(c) of the Settlement Procedures Order, any Notice Party may object (each an "Objection") to or request additional time or information (each a "Request") to evaluate the Agreement.

PLEASE TAKE FURTHER NOTICE that all Objections and Requests must be in writing and received by counsel to the Debtors and counsel to the Official Committee of Unsecured Creditors (see information below) by no later **January 29, 2010 at 5:00 p.m. (ET)** (the "Objection Deadline"). Each Objection or Request must be served on (i) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi ([gregg.galardi@skadden.com](mailto:gregg.galardi@skadden.com)) and Ian S. Fredericks

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<sup>4</sup> Supported by the invoices attached to such Claim with the exception of (i) the invoices set forth on Exhibit 'A' attached hereto and (ii) the four (4) invoices set forth on Exhibit "B" attached hereto.

<sup>5</sup> Supported by the invoices set forth on Exhibit "A" attached hereto.

<sup>6</sup> Supported by the invoices attached to such Claim, with the exception of the invoices attached to Claim 128 as originally filed, but including the four (4) invoices set forth on Exhibit B" attached hereto.

([ian.fredericks@skadden.com](mailto:ian.fredericks@skadden.com)) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley ([dfoley@mcguirewoods.com](mailto:dfoley@mcguirewoods.com)) and Daniel F. Blanks ([dblanks@mcguirewoods.com](mailto:dblanks@mcguirewoods.com)), and (ii)(a) Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz ([jpomerantz@pszjlaw.com](mailto:jpomerantz@pszjlaw.com)) and (b) 780 Third Avenue, 36th Floor, New York, NY 10017-2024, Attn: Robert Feinstein ([rfeinstein@pszjlaw.com](mailto:rfeinstein@pszjlaw.com)).

PLEASE TAKE FURTHER NOTICE that if you object to the Agreement and you do not want the Debtors to proceed with the Agreement or you want the Court to consider your views concerning the Agreement, you or your attorney must also:

file in writing with the Court, Clerk of Court, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, or electronically ([www.vaeb.uscourts.gov](http://www.vaeb.uscourts.gov)), a written Objection pursuant to Local Bankruptcy Rule 9013-1(H). If you mail your Objection to the Court for filing, you must mail it early enough so the Court will receive it on or before January 29, 2010 at 5:00 p.m. (ET).

**Any Objection to the Agreement must be submitted by the method described in the foregoing sentence. Objections will be deemed filed only when actually received at the address listed above.**

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(d) of the Settlement Procedures Order, if a Notice Party submits a Request, only such Notice Party shall have the later of (i) an additional five (5) days to object to the Agreement or (ii) in the case of a Request for additional information, three (3) days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one Request for additional time per Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(c) of the Settlement Procedures Order, if no Objection or Request is filed and served upon counsel for the Debtors and counsel for the Committee of Unsecured Creditors or counsel to the Debtors and counsel for the Committee of Unsecured Creditors do not receive a Request prior to the expiration of the Objection Deadline (as may be extended by Requests, if any, the Debtors shall be authorized to enter into and consummate the Agreement without further order of the Court or any other action by the Debtors.

Dated: January 19, 2010      SKADDEN, ARPS, SLATE, MEAGHER & Richmond, Virginia      FLOM, LLP  
Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
P.O. Box 636  
Wilmington, Delaware 19899-0636  
(302) 651-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP  
Chris L. Dickerson, Esq.  
155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley  
Dion W. Hayes (VSB No. 34304)  
Douglas Foley (VSB No. 34364)  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel for Debtors and Debtors in Possession

**EXHIBIT 1**

**(Settlement Procedures Order w/out Exhibit(s))**

Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER &  
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FLOM, LLP  
155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

Counsel to the Debtors and  
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

----- x  
In re: : Chapter 11  
: Case No. 08-35653 (KRH)  
CIRCUIT CITY STORES, INC., :  
et al., :  
Debtors. : Jointly Administered

ORDER UNDER 11 U.S.C. §§ 105 AND 363, AND FED. R. BANKR. P. 2002, 9006, AND 9019 AUTHORIZING THE ESTABLISHMENT OF PROCEDURES TO SETTLE CERTAIN PRE-PETITION AND POST-PETITION CLAIMS AND CAUSES OF ACTION WITHOUT FURTHER COURT APPROVAL.

Upon the motion (the "Motion")<sup>1</sup> of the Debtors for entry of an order, pursuant to sections 105 and 363

<sup>1</sup> Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Motion.



of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 9006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order authorizing the establishment of procedures to settle certain pre-petition and post-petition claims and causes of action without further court approval; and the Court having reviewed the Motion; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby:

**FOUND, DETERMINED, AND CONCLUDED that:**

1. Based on the affidavits of service filed, due, proper and adequate notice of the Motion has been given in accordance with the Case Management Order and that no other or further notice is necessary;
2. The Notice Procedures are fair, reasonable, and appropriate.
3. The Settlement Procedures are fair reasonable, and appropriate.
4. The Notice and Settlement Procedures were proposed in good faith.

5. Pursuant to Bankruptcy Rule 9006, cause exists to shorten the applicable notice period in Bankruptcy Rule 2002(a)(3) with respect to each Settlement.

6. Upon the expiration of the applicable Notice Period without an objection or upon resolution of any filed objection after the applicable Notice Period, each Settlement that complies with the Notice and Settlement Procedures shall be deemed (i) fair and reasonable and (ii) to have satisfied the standards under Bankruptcy Code sections 105 and 363 and Bankruptcy Rule 9019.

7. The relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

**ORDERED, ADJUDGED, AND DECREED that:**

8. The Motion is GRANTED.

9. The Debtors are authorized, but not directed, to compromise and settle Disputed Claims and Cause of Action and Receivable Claims in accordance with the Settlement Procedures.

10. The Debtors shall provide key parties in interest with notice of each proposed Settlement. The Notice Procedures are as follows:

(a) The Debtors shall give written notice, by email or facsimile, if available, or overnight courier if email or facsimile are not available, of each proposed Settlement (the "Settlement Notice") to (i) the United States Trustee, (ii) counsel for the Committee of Unsecured Creditors, (iii) any party to the Settlement, and (iv) the Core Group and 2002 List (collectively, the "Notice Parties").

(b) The Settlement Notice (or the Settlement Agreement) shall specify (i) the identity of the other party to the Settlement, (ii) a summary of the dispute with such other party, including a statement of the Debtors' reasonable estimate of the Settlement Claim amount and the basis for the controversy, (iii) an explanation of why the Settlement of such Settlement Claim is favorable to the Debtors, their estates, and their creditors, and (iv) a copy of the proposed settlement agreement ("Settlement Agreement").

(c) The Notice Parties may object to or request additional time to evaluate the proposed Settlement in writing by no later than 5:00 p.m. (ET) (i) five (5) days for both Tier I Disputed Claims and Tier I Cause of Action and Receivable Claims or (ii) ten (10) days for both Tier II Disputed Claims and Tier II Cause of Action and Receivable Claims (each an individual "Notice Period") and serve such objection or request on counsel to the Debtors and counsel for the Creditors' Committee on or before the

expiration of the applicable Notice. If the Debtors are compromising more than one Disputed Claim and/or Cause of Action and Receivable Claim, the Tier II Notice Period shall apply to such Settlement. If no objection or written request is filed and served upon counsel for the Debtors and counsel for the Creditors' Committee or counsel to the Debtors does not receive a written request for additional information and/or additional time prior to the expiration of the applicable Notice Period, the Debtors shall be authorized to enter into and consummate the Settlement Agreement without further order of the Court or any other action by the Debtors.

(d) If a Notice Party provides a written request to counsel for the Debtors for additional information or time to evaluate the proposed Settlement, only such Notice Party shall have the later of (i) an additional five (5) days to object to the proposed Settlement or (ii) in the case of a request for additional information, three days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one request for additional time per Settlement Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

(e) If a Notice Party objects to the proposed Settlement within the defined Notice Period for that particular Tier of Disputed Claim or Cause of Action and Receivable Claim, (or the additional period in the case of a Notice Party that has timely requested additional time or information to evaluate the proposed Settlement) (the "Objection Deadline") and the Debtors and such objecting Notice Party are unable to reach a consensual resolution,

the Debtors will not take any further action to consummate the proposed settlement without first obtaining Court approval for that specific Settlement. The Debtors are authorized to schedule the Settlement for a hearing at the next scheduled omnibus hearing following the Objection Deadline (or any subsequent hearing) without filing a separate motion or other pleading.

(f) If the Objection Deadline has passed and no objection has been filed with the Court or request for additional time or information has been received by the Debtors, the Debtors are authorized, but not directed, to file a "Certificate of No Objection" with the Court; provided, further, that each such Certificate shall set forth a statement that no objection was filed or received (or if any objection was filed or received, such objection has been resolved) and no request for additional time or information was received or, if such request was received, the additional period of review has expired.

(g) An objection will be considered properly filed and served only if it is filed with the Court, and actually received by the following parties on or before the Objection Deadline: (i) Clerk of the Bankruptcy Court, United States Bankruptcy Court, 701 East Broad Street - Room 4000, Richmond, VA 23219, (ii) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi ([gregg.galardi@skadden.com](mailto:gregg.galardi@skadden.com)) and Ian S. Fredericks ([ian.fredericks@skadden.com](mailto:ian.fredericks@skadden.com)) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley ([dfoley@mcquierewoods.com](mailto:dfoley@mcquierewoods.com))

and Daniel F. Blanks  
([dblanks@mcquirewoods.com](mailto:dblanks@mcquirewoods.com)), and (iii)(a)  
Pachulski Stang Ziehl & Jones LLP, 10100  
Santa Monica Blvd., 11th Floor, Los Angeles,  
California 90067-4100, Attn: Jeff Pomerantz  
([jpomerantz@pszjlaw.com](mailto:jpomerantz@pszjlaw.com)) and (b) 780 Third  
Avenue, 36th Floor, New York, NY 10017-2024,  
Attn: Robert Feinstein  
([rfeinstein@pszjlaw.com](mailto:rfeinstein@pszjlaw.com)).

(h) All time periods set forth in the Notice Procedures shall be calculated in accordance with Bankruptcy Rule 9006.

11. Subject to the Notice Procedures, the Debtors are authorized to compromise and settle Disputed Claims as follows:

(a) Tier I With respect to Disputed Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with the Claimants that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Disputed Claims, grant any Claimant an allowed claim of an agreed upon priority or administrative expense claim, as applicable, in an amount not to exceed \$500,000.

(b) Tier II With respect to Disputed Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with the Claimants that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Disputed Claims, grant any Claimant an allowed claim (priority or non-priority, as the case may

be) or administrative expense claim, as applicable, in an amount greater than \$500,000.

12. Subject to the Notice Procedures, the Debtors are authorized to compromise and settle Cause of Action and Receivable Claims as follows:

(a) Tier I With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value (i) equal to or greater than seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount and (ii) equal to or less than \$1,000,000.

(b) Tier II With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value equal to (i) more than \$1,000,000 or (ii) less than

seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount.

13. To memorialize the Settlements, the Debtors are authorized in their sole discretion, but not directed, to enter into Settlement Agreements substantially in the form of Exhibit A attached hereto; provided, further, that the material terms of each Settlement Agreement may vary depending upon the specific facts and circumstances of each Settlement and nothing herein or therein shall be construed as impairing the Debtors' ability to tailor the form of the Settlement Agreement to each specific Settlement.

14. The Debtors are authorized, but not directed, to resolve all of the Disputed Claims and Cause of Action and Receivable Claims of a single party in a single Settlement Agreement.

15. The Debtors shall provide written notice to Kurtzman Carson Consultants LLC ("KCC"), the Debtors' authorized claims and noticing agent, with respect to any proof of claim settled pursuant to these Settlement Procedures; provided, further, that, if applicable, KCC

is authorized and directed to amend the claims register accordingly without further order of the Court.

16. Following entry of this Order, unless otherwise agreed to between the Debtors and the Creditors' Committee, the Debtors' advisors shall provide weekly updates concerning ongoing settlement discussions to the Creditors' Committee's advisors. These updates shall include, without limitation, non-privileged information mutually agreed to among the parties' advisors. Once the Debtors reach an agreement in principle with a third party, the Debtors shall share the material terms of the Settlement with the Creditors' Committee's advisors. All information shared with the Creditors' Committee's advisors shall be deemed shared subject to the existing confidentiality agreement with the Debtors.

17. Assuming no objection has been filed by the applicable Objection Deadline, immediately after the expiration of the Notice Period (or, in the case of a filed objection that has been resolved, upon filing of a Certificate of No Objection) the Settlement Agreement

shall be deemed to be a final order of this Court for all purposes, including for purposes of any appeal.

18. In the event there is an inconsistency between the Motion and this Order, this Order shall control.

19. The requirement under Local Rule 9013-1(G) of the Local Rules for the United States Bankruptcy Court for the Eastern District of Virginia to file a memorandum of law in connection with the Motion is hereby waived.

20. This Court retains jurisdiction to hear and determine all matters arising from or related to the Motion, this Order or any Settlement.

Dated: Richmond, Virginia  
Aug 7 2009, 2009

/s/ Kevin R. Huennekens

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Entered on docket: August 10 2009

Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP  
One Rodney Square  
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- and -

Chris L. Dickerson, Esq.  
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155 North Wacker Drive  
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- and -

/s/ Douglas M. Foley  
Dion W. Hayes (VSB No. 34304)  
Douglas M. Foley (VSB No. 34364)  
MCGUIREWOODS LLP  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel to the Debtors  
and Debtors in Possession

**CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley  
Douglas M. Foley

**EXHIBIT 2**

**(Settlement Agreement)**

Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM, LLP  
One Rodney Square  
PO Box 636  
Wilmington, Delaware  
19899-0636  
(302) 651-3000

Dion W. Hayes (VSB No. 34304)  
Douglas M. Foley (VSB  
No. 34364)  
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One James Center  
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- and -

Chris L. Dickerson, Esq.  
SKADDEN, ARPS, SLATE,  
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155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

Counsel to the Debtors and  
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - x  
In re: : Chapter 11  
:   
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
:   
Debtors. : Jointly Administered  
- - - - - x

**SETTLEMENT AND STIPULATION BY AND AMONG THE DEBTORS AND  
ONKYO USA CORPORATION RESOLVING THE DEBTORS' FOURTH  
OMNIBUS OBJECTION TO CLAIMS 128, 958, AND 2295**

This settlement agreement and stipulation (the  
"Agreement") is entered into by and among the above-  
captioned debtors and debtors in possession (the

"Debtors"), on the one hand, and Onkyo USA Corporation (the "Claimant" and together with the Debtors, the "Parties" and each of which is a "Party"), on the other hand.

**GENERAL BACKGROUND**

WHEREAS, on November 10, 2008 (the "Petition Date"), the Debtors each filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors have continued as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108; and

WHEREAS, on November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"); and

WHEREAS, to date, no trustee or examiner has been appointed in these chapter 11 cases; and

WHEREAS, on January 16, 2009, the Court authorized the Debtors, among other things, to conduct

going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors remaining stores. As of on or about March 8, 2009, the going out of business sales concluded; and

WHEREAS, the Debtors are authorized under the Court's Order Under 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval dated August 7, 2009 and entered on August 10, 2009 (the "Settlement Procedures Order") (Docket No. 4401)<sup>1</sup> to enter into this Agreement, subject to the Notice Procedures; and

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<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Settlement Procedures Order.

**SETTLEMENT BACKGROUND**

WHEREAS, Claimant filed the following proofs of claim (the "Claims"):

Claim Number	Claim Amount
128	\$4,905,048.57
958	\$6,627,475.57
2295	\$6,627,475.57

WHEREAS, the Debtors filed an objection to certain of the Claims in the Debtors' Fourth Omnibus Objection to Certain Duplicate Claims on April 17, 2009 (Docket No. 3096) (the "Omnibus Objection"); and

WHEREAS, the Claimant filed a response to the Omnibus Objection on May 20, 2009 (Docket No. 3389) (the "Response") asking that instead of certain of the Claims being disallowed entirely for being duplicates, that each Claim be allowed in a reduced amount; and

WHEREAS, the parties wish to resolve the Omnibus Objection in its entirety as it relates to the Claims by this Agreement;

NOW THEREFORE, subject to and in accordance with the Settlement Procedures Order, for good and valuable consideration the receipt and sufficiency of

which is hereby acknowledged, the Parties hereby

STIPULATE AND AGREE AND IT IS HEREBY ORDERED that:

1. Upon the occurrence of the Effective Date (as defined below), the Claims shall be deemed modified as follows: (the "Surviving Claims"):

Claim Number	Claim Amount
128	\$3,927,287.70 <sup>2</sup>
958	\$977,716.50 <sup>3</sup>
2295	\$1,722,471.37 <sup>4</sup>

2. Upon the occurrence of the Effective Date, the Response shall be deemed withdrawn.

3. Upon the occurrence of the Effective Date, the Omnibus Objection to the Claims shall be deemed resolved.

4. Nothing contained herein shall constitute an allowance of the Surviving Claims or be deemed an

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<sup>2</sup> Supported by the invoices attached to such Claim with the exception of (i) the invoices set forth on Exhibit "A" attached hereto and (ii) the four (4) invoices set forth on Exhibit "B" attached hereto.

<sup>3</sup> Supported by the invoices set forth on Exhibit "A" attached hereto.

<sup>4</sup> Supported by the invoices attached to such Claim, with the exception of the invoices attached to Claim 128 as originally filed, but including the four (4) invoices set forth on Exhibit "B" attached hereto.

admission of liability on the part of the Debtors or Claimant with respect to the Surviving Claims. The Debtors' rights to object to the Surviving Claims at a later time on any grounds that applicable law permits are not waived and are expressly reserved.

5. Neither this Agreement, nor any statement made or action taken in connection with the negotiation of this Agreement, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the parties hereto, other than as may be necessary (a) to obtain approval of and to enforce this Agreement or (b) to seek damages or injunctive relief in connection therewith.

6. Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder.

7. No provision of this Agreement is intended to confer any rights, benefits, remedies,

obligations or liabilities hereunder upon any person other than the parties hereto and their respective successors.

8. This Agreement shall be governed by and construed in accordance with the Bankruptcy Code and the internal laws of the Commonwealth of Virginia without regard to any choice of law provisions.

9. This Agreement may be signed in counterpart originals and delivered by facsimile or email, which, when fully executed, shall constitute a single original.

10. This Agreement constitutes the entire agreement and understanding of the Parties regarding the Agreement and the subject matter thereof.

11. The United States Bankruptcy Court for the Eastern District of Virginia shall retain exclusive jurisdiction (and the Parties consent to such retention of jurisdiction) with respect to any disputes arising from or related to, or other actions to interpret, administer or enforce the terms and provisions of, this Agreement.

12. Each person or entity who executes this Agreement on behalf of another person or entity represents and warrants that he, she, or it is duly authorized to execute this Agreement on behalf of such person or entity, has the requisite authority to bind such person or entity, and such person or entity has full knowledge of and has consented to this Agreement. The representations and warranties set forth in this paragraph shall survive execution of this Agreement.

13. This Agreement is effective upon the later of (i) execution by both Parties and (ii) the expiration of the applicable Notice Period (such date, the "Effective Date").

14. This Agreement shall not be modified, altered, amended or vacated without the written consent of all Parties hereto or order of the Bankruptcy Court.

IN WITNESS WHEREOF, this Agreement is hereby  
executed as of the later of the dates set forth below.

ACCEPTED AND AGREED TO:

By:

/s/ Larry D. Henin  
Larry D. Henin, Esq.  
EDWARDS ANGELL PALMER &  
DODGE LLP  
750 Lexington Avenue  
New York, New York 10022  
(212) 308-4411

Counsel for Onkyo USA  
Corporation

By:

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
P.O. Box 636  
Wilmington, Delaware  
19899-0636  
(302) 651-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM, LLP  
Chris L. Dickerson, Esq.  
155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley  
Dion W. Hayes  
(VSB No. 34304)  
Douglas M. Foley  
(VSB No. 34364)  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel for Debtors and  
Debtors in Possession

Dated: January 19, 2010

**EXHIBIT A**

**Schedule A**

Invoice #	Order #	Invoice Date	Due Date	Original \$	Balance \$
1114832	2170020	10/21/2008	11/15/2008	16,575.00	16,575.00
1114958	2170025	10/22/2008	11/16/2008	123,296.00	123,296.00
1114848	2170026	10/22/2008	11/16/2008	95,958.00	95,958.00
1114879	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114880	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114881	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114882	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114883	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114898	2170019	10/22/2008	11/16/2008	73,680.00	73,680.00
1114959	2170018	10/22/2008	11/16/2008	45,743.00	45,743.00
1114951	2170018	10/22/2008	11/16/2008	31,025.00	31,025.00
1114956	2170019	10/22/2008	11/16/2008	27,937.00	27,937.00
1114850	2170020	10/22/2008	11/16/2008	25,375.00	25,375.00
1114960	2170024	10/22/2008	11/16/2008	23,156.00	23,156.00
1114849	2172121	10/22/2008	11/16/2008	15,080.00	15,080.00
1114955	2172120	10/22/2008	11/16/2008	13,050.00	13,050.00
1114954	2170018	10/22/2008	11/16/2008	5,278.00	5,278.00
1114851	2171716	10/22/2008	11/16/2008	4,350.00	4,350.00
1114957	2171716	10/22/2008	11/16/2008	3,675.00	3,675.00
1114950	2170019	10/22/2008	11/16/2008	2,975.00	2,975.00
1114847	2159560	10/22/2008	11/16/2008	1,919.50	1,919.50
1115183	2170023	10/24/2008	11/18/2008	82,786.00	82,786.00
1115177	2170017	10/24/2008	11/18/2008	17,458.00	17,458.00
					977,716.50

**EXHIBIT B**

**EXHIBIT A**

CLAIM TO BE MODIFIED	CLAIM AS DOCKETED*	GOODS OUTSIDE STATUTORY 20 DAY PERIOD	CLAIM AS MODIFIED																				
<p>Claim: 128 Date Filed: 11/20/2008 Docketed Total: \$4,905,048.57 Filing Creditor Name and Address: ONKYO USA CORPORATION 18 PARK WAY UPPER SADDLE RIVER, NJ 07458</p> <p>Case Number: 503(b)(9): Unsecured: Docketed Total:</p>	<p>Claim Holder Name and Address ONKYO USA CORPORATION 18 PARK WAY UPPER SADDLE RIVER, NJ 07458</p> <p>Case Number: 08-35653 \$4,905,048.57</p>	<p>Invoice Detail Filing Creditor Name: ONKYO USA CORPORATION</p> <p>Claim: Invoice Total: 128 \$44.37</p> <table> <thead> <tr> <th>INVOICE DATE</th> <th>RECEIPT DATE</th> <th>INVOICE NUMBER</th> <th>INVOICE AMOUNT</th> </tr> </thead> <tbody> <tr> <td>10/21/2008</td> <td>10/14/2008</td> <td>535414</td> <td>\$34.97</td> </tr> <tr> <td>10/27/2008</td> <td>07/09/2008</td> <td>535795</td> <td>\$4.67</td> </tr> <tr> <td>10/31/2008</td> <td>09/24/2008</td> <td>536037</td> <td>\$4.66</td> </tr> <tr> <td>10/31/2008</td> <td>10/08/2008</td> <td>536040</td> <td>\$0.07</td> </tr> </tbody> </table> <p>Invoice Total: <u><u>\$44.37</u></u></p>	INVOICE DATE	RECEIPT DATE	INVOICE NUMBER	INVOICE AMOUNT	10/21/2008	10/14/2008	535414	\$34.97	10/27/2008	07/09/2008	535795	\$4.67	10/31/2008	09/24/2008	536037	\$4.66	10/31/2008	10/08/2008	536040	\$0.07	<p>Case Number: 08-35653</p> <p>503(b)(9): \$4,905,048.20</p> <p>Unsecured: \$44.37</p> <p>Modified Total: \$4,905,048.57</p>
INVOICE DATE	RECEIPT DATE	INVOICE NUMBER	INVOICE AMOUNT																				
10/21/2008	10/14/2008	535414	\$34.97																				
10/27/2008	07/09/2008	535795	\$4.67																				
10/31/2008	09/24/2008	536037	\$4.66																				
10/31/2008	10/08/2008	536040	\$0.07																				

"UNL" denotes an unliquidated claim.